

OVERVIEW

Eugene provides local wastewater collection services and the Metropolitan Wastewater Management Commission (MWMC) funds the operation and administration of the Eugene/Springfield Regional Water Pollution Control Facility. All residents of Eugene receive wastewater services from Eugene and MWMC's Eugene/Springfield Water Pollution Control Facility. Almost all residents of the River Road/Santa Clara area are served by the City of Eugene and MWMC's Eugene/Springfield Water Pollution Control Facility.

The remainder of this section is organized as follows:

- **Understanding the service** describes how wastewater services are typically delivered in urban areas, and describes the issues and analytical concerns associated with delivering the service.
- **Existing services and providers** describes the agencies and districts that provide the services and the level of service they provide.
- **Fiscal analysis** describes the costs to provide existing services. It also discusses revenues collected that are directly connected to delivering wastewater services, how revenues in River Road and Santa Clara compare to revenues within the City of Eugene, and how expected growth and change in demand for services resulting from annexation would impact costs and revenues.
- **How different groups view the issues** describes service providers and service recipients' perspectives on the current level of service.
- **Conclusions** provides a summary of wastewater services.

UNDERSTANDING THE SERVICE

URBAN LEVEL OF SERVICE

Before 1952, all of the Eugene and Springfield area disposed its untreated wastewater directly into the Willamette River. In the 1950s, both cities constructed separate treatment systems. The Clean Water Act, requiring higher discharge standards and regional management and treatment of wastewater came into effect in 1972. By 1974, studies concluded that neither Eugene's nor Springfield's separate treatment plants could meet federal and state water quality standards or capacity for the region.

Today, the regional wastewater system is a joint project of Lane County and the Cities of Eugene and Springfield and is owned by the MWMC. The City of Springfield provides administrative services and the City of Eugene operates and maintains the regional wastewater facilities. The Eugene/Springfield Regional Water

Pollution Control Facility, which began operation in April 1984, uses an activated sludge process to remove 95 percent of pollutants before treated wastewater is discharged into the Willamette River. Treatment is required to meet discharge permit requirements set by the federal Environmental Protection Agency (EPA) and the Oregon Department of Environmental Quality (DEQ).¹

ISSUES AND ANALYTICAL CONCERNS

Most of the services discussed in this report are General Fund services that receive the majority of funding from those monies, such as property taxes, that are not dedicated to specific purposes and can be used for general City services. We focused our analysis on General Fund costs because those costs are most closely tied with property taxes and other revenues that are related to the residents of River Road and Santa Clara. However, the Wastewater Division receives all of its funding for wastewater operation and maintenance and capital projects from the Wastewater Utility Fund. In order to discuss and understand wastewater operation and maintenance and capital projects we focus on the Wastewater Utility Fund in this chapter.

Wastewater services remain a controversial issue in the River Road/Santa Clara areas. The City of Eugene imposed an urban level of service on the areas in order to bring them into compliance with federal and state standards. In the following section we discuss the history of the implementation of an urban level of wastewater services in River Road and Santa Clara.

EXISTING SERVICES AND PROVIDERS FOR RIVER ROAD AND SANTA CLARA

In the early 1970's, high levels of nitrate-nitrogen and fecal coliform were found in the River Road/Santa Clara area's groundwater.² In response to the groundwater contamination, the Oregon Environmental Quality Commission imposed a building moratorium on the River Road/Santa Clara areas in 1978. A study commissioned by the Oregon Environmental Quality Commission in 1980 found that the number and density of septic systems in the area significantly affected River Road/Santa Clara groundwater. Septic systems were failing and untreated sewage was discharged into the water table, surface water, and the Willamette River. Dye testing conducted by the State showed many wells that had a direct connection to sewage outfall. The Oregon Department of Environmental Quality (DEQ) subsequently declared a "public health hazard" in the area.

The Land Conservation Development Commission (LCDC) required that an area-wide sewage plan be created as part of the Eugene-Springfield Metropolitan Area General Plan approval process.³ This meant that the building permit moratorium

¹ City of Eugene Public Works Department. *Regional Wastewater History and Purpose*, <http://www.ci.eugene.or.us/pw/ww/general/overview.asp#provide>.

² Lane Council of Governments. *River Road – Santa Clara Background Report*, Nov. 2000. p. 7.

³ Lane Council of Governments. *River Road – Santa Clara Background Report*, Nov. 2000. p. 8.

would be applied to the entire metropolitan area if a solution was not found. In addition the DEQ required that an area-wide wastewater plan be approved before the Eugene and Springfield could receive financial support from state and federal grants. The plan had to have an accepted time line for construction and an achievable financial plan.

The wastewater treatment plants for the City of Springfield and the City of Eugene could not meet the federal standards for discharge into the Willamette River and neither plant could handle additional waste for the River Road/Santa Clara area.

A consortium was formed by the two Cities and the County to develop a plan, apply for grants, design a single plant and comply with the federal discharge standards. The subsequent plan, which included the construction of the Eugene/Springfield Regional Water Pollution Control Facility and the decommission of the Springfield plant resulted in LCDC approval for the area-wide general plan and the lifting of the building moratorium.

That plan included the construction of the new treatment plant that cost over \$100 million. A grant from the EPA provided 80% of the financing for the new treatment facility. In 1978, local voters approved the sale of \$29.5 million in bonds to finance the rest of the project. Those bonds were fully paid in September 2002.⁴

In 1983 the Boundary Commission denied a proposal to create a new City of Santa Clara because the plan did not adequately address how wastewater services would be financed, it was not consistent with the Metro Plan, and the analysis on the impacts of the proposed city on existing tax districts was inadequate. The City of Eugene received a \$5.9 million grant from the EPA in 1984 to build a wastewater interceptor system to connect the River Road/Santa Clara areas to the new Regional Water Pollution Control Facility.

All owners of property in River Road/Santa Clara to which the wastewater system was made available were informed of requirements to connect to the system. The policy cited at the time was ORS 224.020 that was interpreted to allow the City to enforce local code provisions (Eugene Code section 6.471) related to requiring connections to the wastewater system. The courts later determined that this statute did not specifically empower the City to enforce connection through its own codes.⁵

Residents were responsible for all hook-up costs in the form of:

- Assessments related to construction of wastewater main lines and service laterals in the public right-of-way to provide connection points at the property line. Each property was assessed for the capital improvements from which the property benefited.
- Costs of constructing a new connection from buildings on private property to the public wastewater connection point. These costs were separate from

⁴ MWMC, <http://www.mwmcpartners.org/AboutMWMC.htm#History>.

⁵ Personal communication with Fred McVey, Engineering Data Services Manager, Public Works Department, City of Eugene, May 20, 2004.

assessments and typically involved work by a private contractor to install a new sewer line from the house to the property line and to abandon the septic tank.

The City imposed assessments through formation of an assessment district. Assessments typically ranged from \$3,500 to \$7,000 per residential property. The City made financing available to property owners for the costs of the assessments. Private costs of constructing new connections to the public connection point and septic tank abandonment typically ranged from \$1,200 to \$2,400 for a single family dwelling.⁶ Total costs for a residential property to connect to the wastewater system ranged from \$4,700 to \$9,400.

HOW DO EXISTING SERVICES COMPARE TO CITY'S SERVICES?

Residents of the entire study area, Eugene and Springfield receive service from the Eugene/Springfield Regional Water Pollution Control Facility, operated by the City of Eugene. Unannexed residents and annexed residents receive the same service for the same fee. There are approximately 200 developed properties in the River Road/Santa Clara area that are not connected to the wastewater system.

FISCAL ANALYSIS

The General Fund does not pay for the provision of wastewater services in the City of Eugene. Operating and maintenance (O&M) and capital costs are funded by the Wastewater Utility Fund, and the Special Assessment Capital Fund. We first discuss O&M, and then capital.

OPERATING AND MAINTENANCE

Public Works' operating and maintenance budget for wastewater collection and treatment for Fiscal Year 2003-2004 is \$13.7 million and includes \$8.1 million for personnel, \$4.4 million for services and materials and \$1.2 million for capital outlay.⁷ The allocation of Central Service costs is a department's share of the City's costs for central business functions. Wastewater pays for its share of Central Services out of its nondepartmental budget so that administrative and financial costs are reflected in the Wastewater Utility Fund and charged to users of wastewater services. However, that amount is not included in Wastewater's \$13.7 million operating budget, so to understand total operating and maintenance costs associated with providing wastewater services in Eugene, we must add indirect costs for Central Services to Wastewater's budgeted amount. Wastewater's allocation for Central Services for Fiscal Year 03-04 is \$0.8 million, resulting in total operations and maintenance cost of \$14.5 million.

⁶ Personal communication with Fred McVey, Engineering Data Services Manager, Public Works Department, City of Eugene, May 20, 2004.

⁷ City of Eugene Annual Budget – Fiscal Year 2004, p. C.119. Capital outlay is considered part of the O&M budget, and includes the purchase of items that cost less than \$5,000.

All expenditures for the wastewater services operating and maintenance budget are paid for by the Wastewater Utility Fund. The Wastewater Utility Fund accounts for revenues from wastewater user fees and for the operation, construction and maintenance of the wastewater collection and treatment system. The Fund also accounts for the City's operation and management of the regional wastewater treatment facilities under the IGA with MWMC. The administrative costs for the provision of wastewater services are included in the City of Springfield's budget.

Wastewater user fees cover all costs for the provision of wastewater services for current users. The Wastewater Utility Fund does not receive any revenue from the General Fund. The City uses wastewater fees to pay for the collection, conveyance, and treatment of wastewater and manage wastewater construction projects.

Wastewater fees pay for

- Maintaining wastewater lines and pump stations.
- Inspecting and cleaning wastewater lines.
- Treating 12.8 billion gallons of wastewater per year.
- Water quality tests.
- Processing 9 million pounds of biosolids per year.

All properties inside the City of Eugene and in unincorporated areas that are connected to the public wastewater system pay a combined fee that includes:

- A Basic MWMC Charge of \$4.56 per month
- A Flow-Based Fee calculated on the amount of water used and customer category.

The Flow-Based Fee in the summer months (May-November) is based on the previous winter's average monthly use or on the actual water used, whichever is less. Wastewater charges on bills mailed during the winter months (December-April) are based on actual water meter readings.

Table 12-1. Wastewater Flow-Based Fee (per 1,000 gallons), as of July 1, 2004.

	Residential Customers	Commercial/Industrial Customers				
		Low Strength	Medium Strength	High Strength	Very High Strength	Super High Strength
MWMC	\$ 1.123	\$ 1.510	\$ 2.203	\$ 3.127	\$ 4.052	\$ 4.976
City of Eugene	\$ 1.064	\$ 1.064	\$ 1.064	\$ 1.064	\$ 1.064	\$ 1.064
Total	\$ 2.187	\$ 2.574	\$ 3.267	\$ 4.191	\$ 5.116	\$ 6.040

Source: City of Eugene Public Works Department, <http://www.ci.eugene.or.us/pw/fees/proposed.htm>.

Commercial and industrial customers are charged based on the strength of the wastewater, or average total biological oxygen demand and suspended solids in milligrams per liter. Including the basic charge of \$4.56 per month and the

wastewater flow-based fee based on water use, the average fee for a single family residential account is \$14.77 per month.⁸

Wastewater collection and treatment has many different cost and revenue categories, which can be organized into operating and maintenance (O&M) and capital. We first discuss O&M, and then capital.

CAPITAL

Capital projects include the acquisition or construction of a fixed asset that has a life expectancy greater than one year and monetary value greater than \$5,000, such as constructing a new building. Capital projects are included in a separate Capital Budget. The City of Eugene 2004-2009 Capital Improvement Program includes \$2.7 million in capital projects for wastewater services for FY03-04. Capital expenditures are paid for from the Wastewater Utility Fund.

IMPACTS OF EXPECTED GROWTH AND CHANGE

Under the current annexation policy, any new development must annex to the City of Eugene, and thus pay the current systems development charges (SDCs) for wastewater. There are two components to the SDC for wastewater: a Local SDC and a Regional SDC. The City of Eugene collects both the Local and Regional SDCs and passes the Regional SDC on to the MWMC.

The Local SDC for wastewater is \$297.92 per dwelling unit plus \$0.0722 per square foot for single-family houses, duplexes, manufactured homes and multi-family buildings. The Local wastewater SDC for nonresidential buildings is based on the number of plumbing fixture units and type of development.

The Regional SDC for wastewater is \$947.34 per dwelling unit for single-family houses and duplexes and \$812.01 per dwelling unit for manufactured homes and multi-family buildings. The Regional wastewater SDC for nonresidential buildings is based on the type of development and estimates for usage.⁹

Because operations and capital are funded by users and almost all developed properties in the River Road/Santa Clara area are already connected to the wastewater system, the City's resources are not negatively impacted by annexation. Annexing new developments and adding them to the system only marginally affects the wastewater system. The property owner would pay for improvements (i.e., connections) to the property, and then monthly service fees cover operations. If the City were to annex the entire River Road/Santa Clara area, special assessments would pay for all new connections to the City's wastewater system.

The Eugene/Springfield Regional Water Pollution Control Facility was designed to handle an average daily dry-weather flow of 49 million gallons per day, which is projected to be adequate to treat the combined wastewater flow of Eugene,

⁸ City of Eugene Public Works Department, <http://www.ci.eugene.or.us/pw/fees/>.

⁹ City of Eugene Public Works Department (www.ci.eugene.or.us/PW/SDC/Rates.htm). Downloaded July 16, 2004.

Springfield, and the outlying metropolitan area through the year 2005. The Draft MWMC Facilities Plan, released in April 2004, identifies a preferred alternative to increase capacity of the facility. The recommended alternative would cost an estimated \$144 million for expansion of and enhancements to the facility.¹⁰

The facility already provides an urban level of service to all but 200 households in the River Road/Santa Clara area and new developments are required to connect to the system. Therefore, future annexation of existing developments will have no impact on the provision of wastewater services in the area. We can assume that if the area is annexed, fees will resemble existing fees for City residents. Monthly service charges would equal what current residents pay (see Table 12-1).

HOW DIFFERENT GROUPS VIEW THE ISSUES

Many residents are still angry over how the wastewater system was implemented in the area. Residents had to pay total costs ranging from \$4,700 to \$9,400 for hook-up to a system that was imposed on them through a process that was found to be illegal. Some residents believe the City used the wastewater problems to try to force annexation on the area.

CONCLUSIONS

Almost all residents of Eugene and the River Road/Santa Clara area receive an urban level of wastewater services from the City of Eugene for the same cost.

Complete annexation of River Road and Santa Clara would have no impact on the delivery of wastewater service as the City of Eugene currently collects and treats wastewater from the entire area. User rates would not change due to annexation.

¹⁰ *Draft MWMC Facilities Plan for the Eugene-Springfield Regional Wastewater Treatment Facilities*, April 2004, p. ES-5.